

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	No. G 02-30
	)	
Pacificare of Washington, Inc.	)	
	)	
Authorized Domestic Health Care Service	)	FINDINGS, CONCLUSIONS, AND
Contractor	)	
	)	ORDER ADOPTING REPORT
	)	
	)	OF
	)	
	)	MARKET CONDUCT EXAMINATION

**BACKGROUND**

An examination of the market conduct of **Pacificare of Washington, Inc.** (the Company) as of July 31, 2001, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of authority as a health care service contractor. It is domiciled in Washington. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and comments and recommendations was transmitted to the Company for comments on May 29, 2002. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

## FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 67 of the report.

## CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **Pacificare of Washington, Inc.**, and to order the Company to take the actions described in the Instructions, and Recommendations sections of the report. The Commissioner acknowledges that the Company may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are an appropriate response to the matters found in the examination.

## ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions and Recommendations contained in the examination report on page 34.

1. The Company is ordered to immediately cease the use of The HMO Plan brochure in its marketing efforts to the employees of King County. The Company is not registered as a health maintenance organization as required by RCW 48.46.027(1). (Instruction 1, Page 34)
2. The Company is ordered to publish and maintain its advertising materials in accordance with WAC 284-50-010 through WAC 284-50-230 and RCW 48.44.110 through RCW 48.44.140. (Instruction 2, Page 34)
3. The Company is ordered to respond to communication from the OIC within 15 business days of receipt of correspondence to assure compliance with WAC 284-30-650. (Instruction 3, Page 34)
4. The Company is ordered to ensure that agents are licensed for the appropriate line of business with the State of Washington prior to allowing them to solicit business or represent the Company in any way. These actions will assure compliance with RCW 48.44.011 and RCW 48.17.060(1) and (2). (Instruction 4, Page 34)

5. The Company is ordered to appoint agents prior to allowing them to solicit business in order to comply with RCW 48.17.160(1). (Instruction 5, Page 34)
6. The Company is ordered to file all contract forms and rates with the OIC prior to use in order to comply with RCW 48.44.040 and WAC 284-43-920. (Instruction 6, Page 34)
7. The Company is ordered to ensure that all contracts contain mandated benefit provisions and conform to prescribed format standards as required by Chapters 48.43 and 48.44 RCW, Chapters 284-43, 284-44, 284-51, 284-52, and 284-53 WAC. (Instruction 7, Page 34)
8. The Company is ordered to file, obtain approval, and include prescribed standards in its provider contract forms to assure compliance with RCW 48.44.070 and WAC 284-43-320 through WAC 284-43-340. (Instruction 8, Page 34)
9. The Company is ordered to include the definition of emergency medical condition as described in RCW 48.43.005(11) and WAC 284-43-130(6) in its provider contracts. (Instruction 9, Page 34)
10. The Company is ordered to maintain adequate, accessible, consistent and orderly records in order to facilitate the examination process as required by RCW 48.03.030(1) and RCW 48.05.280. (Recommendation 1, Page 34)
11. The Company is ordered to revise its complaint denial letters to reflect responsibility for the actions and decisions of its contracted providers. (Recommendation 2, Page 34)
12. The Company is ordered to administer Coordination of Benefits provisions in accordance with Chapter 284-51 WAC. (Recommendation 3, Page 34)
13. The Company is ordered to pay or deny 95% of all claims within 60 days of receipt to assure compliance with WAC 284-43-321(2)(a)(ii). (Recommendation 4, Page 35)

IT IS FURTHER ORDERED THAT, the Company file with the Chief Market Conduct Examiner within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Tumwater, Washington, this 26<sup>th</sup> day of September, 2002.

MIKE KREIDLER  
Insurance Commissioner